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The 10 best- and worst-performing actively managed ETFs of the past 3 years

By Rob Burgess
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With promises of potentially beating the market, actively managed ETFs can appear attractive to investors. But with higher fees and more potential volatility, are they worth it?

With proper expectations and due diligence, some advisors think so, though many still opt for the stability and lower fees of passive ETFs.

Choosing active or passive

Benjamin J. Loughery, founder and managing principal of Lock Wealth Management in Atlanta, was a wholesaler for Invesco for four years before becoming a financial planner. He said he likes actively managed ETFs, "particularly in inefficient markets where skilled management can add value."

"Fixed income has been a bright spot in recent years, as actively managed bond ETFs have delivered better alpha and efficiencies compared to a vanilla U.S. Aggregate Bond Index," he said. "With fees coming down, these strategies are becoming more compelling alternatives to traditional passive bond investing."

Actively managed ETFs can offer the potential for higher returns and outperformance, but that potential often comes with higher fees, said Daniel Masuda Lehrman, founder and lead financial planner at Masuda Lehrman Wealth in Honolulu.

"Over the past decade, we have seen a significant shift towards lower-cost passive ETFs resulting from active funds overall underperformance compared to passive funds," he said. "This trend also implies a general preference for investments that provide consistent performance without the burden of high fees."

Henry Yoshida, CEO and founder of Rocket Dollar, said he has a bias toward passively managed index funds when investing in public equities.

"In particular, I advocate for the use of passively managed ETFs because they make it easier to allocate towards specific asset allocations through sector, market cap and industry-specific ETFs for client portfolios," he said. "Using active ETFs adds an element of manager evaluation, whereas my usual targets focus on pure index exposure to set asset classes, market capitalizations and industries."

Gil Baumgarten, founder and president of Segment Wealth Management in

Houston, said he and his colleagues are "big fans" of passive index ETFs and even more so for custom indexing using individual securities to mimic an ETF.

"But we are not big fans of actively managed mutual funds, nor actively managed ETFs for the same reason," he said. "Active management requires the manager to be right most of the time in order to keep up with its passive counterpart."

Andrew Latham, a certified financial planner and content director at SuperMoney.com, said he also prefers passive ETFs "because they work."

"But if you're considering an active ETF, be picky," he said. "Make sure it's in an area where active management has a fighting chance, and don't overpay. Most investors are better off keeping it simple and sticking with passive."

Part of a larger trend toward lower fees?

Latham said in the U.S., the shift toward lower-fee, passive ETFs is "undeniable."

"Investors are prioritizing costs, and for good reason," he said. "Fees eat into returns, and most active managers struggle to justify them. That said, active ETFs aren't dead. They're gaining traction in niche areas where passive strategies can fall short, like high-yield bonds, municipal bonds, and small-cap stocks, where skilled managers can exploit inefficiencies."

Thematic ETFs, like those targeting AI or biotech, also tend to be actively managed, said Latham.

"Still, the overall trend favors simple, low-cost investing, and that's not changing anytime soon," he said.

Yoshida said the trend toward lower-fee passive index ETFs has been ongoing for quite some time.

"Many financial advisors now charge an overlay management fee on top of passively managed index ETFs," he said. "This shift away from active management has been gradually unfolding over the past several years."

Wall Street has a propensity toward building investment products whose fundamental premise was originally reasonable, but then overproduced until it's bad, said Baumgarten.

"This has happened in the ETF world as Wall Street has finally 'gotten it,'" he said.

ETFs have some structural advantages over mutual funds, said Baumgarten. Wall Street brokerages originally resisted the ETF movement, he said, "for fear of losing their coveted 12b-1 fees," which are paid out to cover the costs of distribution.

"They finally realized that if you can't beat 'em, you must join 'em," he said. "When faced with the low-fee index ETF tsunami, Wall Street decided they could still earn huge fees for active management by morphing their mutual fund business into ETFs, which had once enjoyed a reputation of having low fees, but no more."

Baumgarten said the trend he has seen has been the proliferation of higher-fee ETFs from product creators.

"However, the success of those higher-fee ETFs has not been born out in performance," he said.

Loughery said a shift he has noticed in the last couple of years is asset managers replicating their mutual funds in an ETF wrapper, "giving advisors more flexibility to choose between the two."

How to evaluate actively managed ETFs

The evaluation process for an actively managed ETF closely mirrors that of an actively managed mutual fund, said Yoshida.

"A good starting point is analyzing the return above the base benchmark, adjusted for volatility," he said. "Additional consideration should be given to portfolio turnover, which directly impacts the tax efficiency of the actively managed ETF. Finally, the long-term performance track record of the ETF serves as another crucial metric in the evaluation process."

When evaluating an actively managed ETF, Loughery said he looks for a long-term track record of out-performance, ideally 100 to 200 basis points above its respective benchmark, sustained through different market environments.

"Tax efficiency and cost are also critical factors, as ETFs should justify their fees through either tax advantages or excess return potential," he said.

Lehrman said he considers the fund manager's track record, expense ratio and the fund's investment strategy.

"Consistent out-performance relative to benchmarks over multiple full market cycles is a solid indicator of good active management," he said.

Latham said he also starts the evaluation process with performance.

"Has the ETF consistently beaten its benchmark, or was it just one lucky year?" he said. "Next, I check the fees. Higher costs must be justified by real value. I also look at where it invests. If it's in a market with inefficiencies, like small caps or certain bond sectors, I give it more consideration. Lastly, I assess the manager's track record. If they've proven they can navigate tough markets, that's a plus. But even then, I'm skeptical — active success is hard to sustain."

Once upon a time, Baumgarten said, the ETF was synonymous with low cost. However, active ETFs have shifted that into a higher-cost class of ETFs that often are based on theoretical advantages that have a hard time delivering enough value to justify the cost.

"It's impossible to know if an actively managed ETF is a good investment since by its very nature it's changing," he said.

Scroll down the slideshow below for the 10 best-performing and 10 worst-performing actively managed ETFs in the U.S., based on their three-year annualized return through the end of January 2025. All data is from Morningstar Direct.

10 best-performing actively managed ETFs over the past three years

10 WisdomTree Efcnt Gld Pls Gld Ms Stgy ETF (GDMN)

Fund size	**$15.91 million**
Expense ratio	**0.45**
3-year annualized return	**17.15%**

9 Simplify US Equity PLUS Bitcoin Stgy ETF (SPBC)

Fund size	**$46.94 million**
Expense ratio	**0.76**
3-year annualized return	**17.99%**

8 Fidelity Fundamental Large Cap Core ETF (FFLC)

Fund size	**$764.74 million**
Expense ratio	**0.38**
3-year annualized return	**18.32%**

7 Global X Blockchain & Bitcoin Str ETF (BITS)

Fund size	$34.26 million
Expense ratio	0.65
3-year annualized return	18.67%

6 CoinShares Bitcoin & Ether Strategy ETF (BTF)

Fund size	$33.84 million
Expense ratio	1.25
3-year annualized return	20.52%

5 Simplify Volt TSLA Revolution ETF (TESL)

Fund size	**$24.85 million**
Expense ratio	**1.20**
3-year annualized return	**21.21%**

4 USCF Midstream Energy Income ETF (UMI)

Fund size	$368.49 million
Expense ratio	0.85
3-year annualized return	23.89%

3 InfraCap MLP ETF (AMZA)

Fund size	$456.05 million

2 ProShares Bitcoin ETF (BITO)

Fund size	$2.39 billion
Expense ratio	0.95
3-year annualized return	31.35%

1 Simplify Interest Rate Hedge ETF (PFIX)

Fund size	**$184.51 million**
Expense ratio	**0.50**
3-year annualized return	**37.78%**

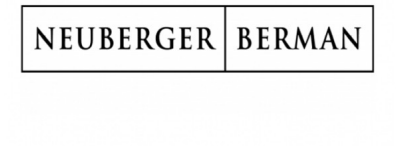
10 worst-performing actively managed ETFs over the past three years

10 Rayliant Quantamental China Equity ETF (RAYC)

Rayliant

Fund size	**$19.21 million**
Expense ratio	**0.80**
3-year annualized return	**-12.27%**

9 Neuberger Berman China Equity ETF (NBCE)



Fund size	**$5.91 million**
Expense ratio	**0.76**
3-year annualized return	**-13.15%**

8 Simplify Intmdt Term Trs Futs Stgy ETF (TYA)

Fund size	**$111.01 million**
Expense ratio	**0.15**
3-year annualized return	**-16.20%**

7 ARK Genomic Revolution ETF (ARKG)

Fund size	**$1.18 billion**
Expense ratio	**0.75**
3-year annualized return	**-18.56%**

6 Cambria Cannabis ETF (TOKE)

Fund size	**$14.15 million**
Expense ratio	**0.43**
3-year annualized return	**-21.62%**

5 Tradr 2X Short Innovation Daily ETF (SARK)

Fund size	**$54.76 million**
Expense ratio	**0.94**
3-year annualized return	**-25.92%**

4 AdvisorShares Psychedelics ETF (PSIL)

ADVISORSHARES®
Actively Managed ETFs

Fund size	**$9.46 million**
Expense ratio	**0.99**
3-year annualized return	**-34.25%**

3 AdvisorShares Pure Cannabis ETF (YOLO)

ADVISORSHARES®
Actively Managed ETFs

Fund size	**$29.65 million**
Expense ratio	**1.03**
3-year annualized return	**-39.24%**

2 Amplify Seymour Cannabis ETF (CNBS)

Amplify ETFs™

Fund size	**$72.28 million**
Expense ratio	**0.76**
3-year annualized return	**-39.84%**

1 AdvisorShares Pure US Cannabis ETF (MSOS)

ADVISORSHARES®
Actively Managed ETFs

Fund size	**$464.27 million**
Expense ratio	**0.83**
3-year annualized return	**-45.42%**